

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT  
NASHVILLE, TENNESSEE**

October 11, 2001

IN RE:

**PETITION FOR AUTHORITY TO TRANSFER  
CONTROL OF UTILITIES, INC. TO NUON, N.V.**

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**DOCKET NO.  
01-00543**

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**ORDER APPROVING TRANSFER OF AUTHORITY**

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on July 10, 2001 for consideration of the Application (the "Application") of Utilities, Inc. ("UI") and Nuon, N.V. ("Nuon") (collectively the "Applicants"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

**Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial

responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Application**

The Application was filed on June 20, 2001. The Applicants request that the Authority approve the transfer of ownership of UI to Nuon and the resulting transfer of authority to provide utility services. The Application states that UI provides water service to the Chalet Village Subdivision in Sevier County, Tennessee, through its wholly-owned operating subsidiary, Tennessee Water Service, Inc. ("TWS"), pursuant to a certificate of public convenience and necessity granted by the Tennessee Public Service Commission in 1984 in Commission Docket No. U-83-7240.

According to the Application, UI is a holding company for approximately eighty (80) subsidiary operating companies that provide residential water or wastewater services to more than 235,000 customers in sixteen (16) states. Through its operating subsidiary, UI serves approximately 500 water customers in Tennessee.

The Application also states that Nuon is a Netherlands corporation with its principal office located in Amsterdam. According to the Application, Nuon is the Netherlands' largest provider of electric, gas, and water utilities services. Nuon develops renewable "green" energy projects such as small-scale hydroelectric, wind, and solar technology. Nuon had revenues of more than 3.5 billion Euros in fiscal year 2000 and employs more than 9,000 people. Nuon has an ownership interest in several providers of utility services, including North Coast Energy, Inc., an Ohio-based provider of natural gas, and Green Mountain Energy, a Texas-based provider of electricity.

The Application states that Nuon has reached an agreement with UI whereby Nuon will acquire all of UI's outstanding stock. The Application further states that after the transfer

of ownership, TWS will continue to operate as it has in the past, using the same name, tariff, and operating authority. According to the Application, the transfer of ownership will be transparent to and have no adverse impact on TWS's customers.

The Application further states that under new ownership, TWS will continue to be led by the same team of well-qualified water service professionals. In addition, the Application states, these persons will be able to draw upon the financial resources of Nuon. The Application states that the proposed transaction is in the public interest because Nuon's purchase of UI will provide UI and its operating subsidiaries with additional financial resources that will enhance the subsidiaries' ability to grow and meet their service obligations.

### **Findings**

The Directors of the Authority considered this matter at the July 10, 2001 Authority Conference. Based upon careful consideration of the Application, the Authority finds and concludes as follows:

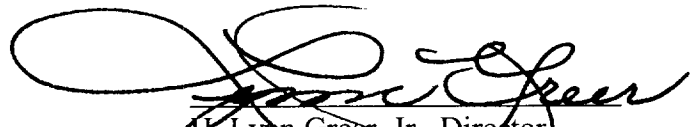
1. The Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. UI been granted authority to provide water services in Tennessee;
3. Nuon will acquire all of UI's outstanding stock, resulting in a transfer of the authority to provide utility services granted to UI;
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

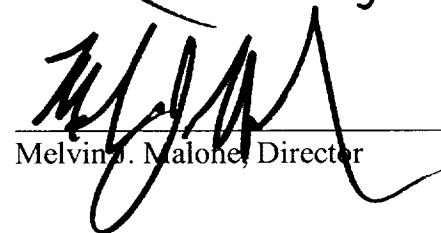
### **IT IS THEREFORE ORDERED THAT:**

1. The Application of Utilities, Inc., and Nuon, N.V. for approval of the transfer of authority described herein is approved; and

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary